

Radio Talk Station WIL, June 11, 1939, at 6:15 P.M.

Now I would like to tell you a few facts about

MONEY OF THE AMERICAN COLONIES

All of us have often used the expression "Not worth a Continental" to signify utter worthlessness. "Continental", as you may know, was the nickname of the paper money issued by the Continental Congress from 1775 to 1779 to finance the American Revolution. Although this Continental Currency was never redeemed, its issuance was far from worthless as a factor in consolidating the American Colonies into an independent United States of America.

The bankruptcy of our independent Colonies caused by the American Revolution resulted in a complete repudiation of all governmental money obligations. Ordinarily the collapse of paper money is thoroughly demoralizing, but the past experiences of the colonists in providing circulating media and in handling money problems proved to be their salvation. It is such monetary experiments as these that have fascinated me as a numismatist and I have been given this opportunity to tell you something about them.

The early American Colonists had learned little about sound money from their mother countries and since they found no gold or silver in North America they were forced to barter. Furs, tobacco, corn, musket balls and other commodities were ~~just~~ ^{first} used as a medium of exchange, often being authorized as legal tender by local laws. Harvard College in Massachusetts Bay Colony is known to have received tuitions in cows, goats

and corn which were called "country pay" and were quite acceptable. In some Colonies warehouse receipts for commodities in storage were circulated as currency.

Wampum was legal currency in New York and Massachusetts and an arbitrary value was sustained for many years because of its acceptibility to the Indians. In 1628 Roger Williams in Plymouth Colony writes that either six white shells or three blue shell beads were current for a penny, a fathom or six feet of strung shells being worth five shillings. In 1640 because of a crop failure the Massachusetts General Court raised the current value of white shell wampum from six for a penny to four for a penny with a maximum of forty-eight shell beads which could be ^{used} ~~used~~ for payment in one transaction. In 1645 when specie money was unusually scarce, the General Court of Massachusetts ordered all unbroken shells to be strung in denominations of one pence to ten shillings.

The units of value for Colonial Currency were the same as were used in England, twelve pence being equivalent to one shilling. England furnished no money for the colonies and an unfavorable balance of trade had a tendency to send all foreign coin back to England. In 1650 the General Court of Massachusetts determined that a mint should be set up in Boston to provide a silver currency for their Colony. In order to keep their silver money from being shipped away as bullion ~~silver~~ or in payment of external debts, the authorized issue

was to contain 1/7th less silver than the standard English shilling and was to be legal tender though short in weight. John Hull was chosen as Master of the mint and for thirty years the silver brought to him in that mint was struck into denominations of one shilling, sixpence, ~~and~~ ^{and two pence} threepence. The most well-known of these coins is the pine tree shilling which derives its name from the design ^{on the obverse} of a tree surrounded by the word "masachusetts" (the Indian spelling of Massachusetts) ~~on the~~ ~~obverse of the~~. The date 1652, the denomination and the words "in New England" were on the reverse. The Mint-Master was allowed one out of each twenty coins which he struck as compensation for his labor. This minting privilege proved to be unusually valuable and he acquired considerable wealth in striking these crude unmilled coins, a portion of which wealth his daughter received on her marriage, as the story goes, in an amount equivalent to her own substantial weight. [Charles II, King of England at the time, was greatly angered by this unauthorized issue of money by the Massachusetts Bay Colony but upon being told that the tree design was meant to be the royal oak in which he concealed himself when Cromwell's soldiers were ordered to capture him, the mint was not ordered closed until 1686. Governor Temple of Nova Scotia had merely concocted this story to appease Charles II.]

It is often wondered where the Massachusetts Colonists obtained their silver for this early coinage. This silver, as well as the gold which occasionally was in circulation in the Colonies, was being produced in the Spanish Colonies in Mexico and South America. Beginning in 1540 the Spanish Colonies coined the abundant supplies of silver and gold which they found and supplied the world with a specie currency for two hundred and fifty years. It was these Spanish silver dollars or "pieces of eight" reales which the American Colonists obtained for their mint by smuggling, trading English goods to the pirates and illegally dealing in rum. The Spanish colonial "piece of eight" while circulating in America was respected as an honest coin and when the colonists after independence chose a unit of value they selected a dollar equal in weight, fineness and size to the Spanish piece of eight. We still use in everyday language certain slang expressions referring to Spanish silver money. For example, "two bits", "four bits" and "six bits" are derived from the occasional practice of cutting the Spanish coins with a chisel into bits in order to make change. The Southern expression of "not worth a picayune" comes from the Spanish coin of 1/2 real called a picallon.

There were no official coins struck in England for use in the colonies other than the Rosa Americana series of 1722-23. A patent for coining copper for America and Ireland was granted by the crown to William Wood who proceeded to try to "make a lot of money" by issuing a short weight copper coinage. Coins with ~~the words~~, "The Rose of America, useful and beautiful", ^{written} in Latin, were sent to New York in denominations of two pence, one penny, and halfpenny where they were sold to merchants for use as small change, but they were spurned by the colonists. [There were other attempts of private individuals to mint money for use in the colonies and although such coins are now rare as numismatic specimens, their contemporary usefulness was quite limited. For example there is only one specimen known of the Lord Baltimore penny of 1659 which is in the possession of the British Museum.]

Although the colonists were always short of coined money they readily provided themselves with paper money. Massachusetts issued 47,000 pounds ⁱⁿ paper currency in 1690 to finance the famous Boston expedition to Fort Louisburg during the war with the French. Redemption of the money was to be made from the spoils of victory in one year, but when the expedition was a failure the currency was received for taxes and new currency paid out for current colonial expenses. These notes were refinanced with others until 1717 when they became seriously depreciated and thus unacceptable. The colony then provided security for their new issues of money by mortgages on privately owned real estate, the colony profited from the interest collected from the mortgagor, while the notes which bore no interest were kept in circulation.

By 1739 eleven colonies were issuing paper money, all payable in shillings but with the shillings worth different amounts in each colony.

If one colony tried to keep its notes circulating at par the notes of a neighboring colony would drive the local money from circulation. Some notes were good for taxes only, some bore interest, some could only be tendered for debts contracted after their issue, some were to be redeemed through special taxes and some were payable in bullion. Beginning in 1749 England extended the famous "South Sea Bubble Act" to the colonies, preventing any money or securities from being issued without governmental approval. Few colonial issues ever had English approval and Benjamin Franklin, who printed paper money for several states, warned England in 1766 that the denial of the right to issue paper currency would cause revolt.

The paper money of the colonies was printed with wood blocks on soft pulp paper. Some paper had silk threads^{in it}, some had mica flakes. The notes all contained a solemn warning "To counterfeit is death". There was only \$12,000,000 in colonial paper money outstanding in 1774, but before the Revolutionary War was over \$500,000,000 had been issued.

The paper currency was issued by the Continental Congress under the Articles of Confederation and by the thirteen individual states but all of it depreciated rapidly. In order to redeem some of the currency, Congress authorized a National Lottery in 1776 and tickets were sold, drawings held, and prizes won. Although Congress made a considerable profit from it, there has never been an authorized national lottery since that time.

During the Revolutionary War, England went so far as to print and circulate in America counterfeit Continental currency to demoralize the people and ruin the credit of the Continental Congress. Despite all the efforts of the revolutionists, the value of their paper money completely collapsed before the Revolution was won.

There was one more paper money experiment worthy of our attention. In 1786 the independent colony of Rhode Island^{and} Providence Plantations^s was convinced that she could issue new paper money and keep it at par by fixing prices of labor and commodities, making the paper money legal tender and making it a crime not to accept the paper money. Because of this desire to have its own paper money, Rhode Island refused to ratify the Constitution of the United States because the states as well as the national^{government} were denied the right to issue paper money under the Constitution, according to its interpretation at that time. Rhode Island set up travelling courts to enforce the legal tender of its paper money, and in a case arising from a refusal to accept paper money it was held for the first time in the independent colonies that the deprivation of the right of trial by jury by a law to that effect was not valid. On the collapse of the Rhode Island^{currency} ~~governmental~~ issues of paper money were completely abandoned until the Civil War period.

Radio Station WIL
Sunday, August 13, 1939
6:15 PM
Eric P. Newman

Recently a piece of paper money of excessive rarity and unusual local interest has been acquired by a St. Louis collector. It is a \$10 United States Demand note, dated August 10, 1861, payable by the Assistant Treasurer of the United States at St. Louis. So far as can now be determined, there appear to be only two others like it in existence. The history of these Demand notes easily explains their scarcity and shows how an item may become rare even though a ~~tremendous~~ ^{large} quantity were originally issued.

As you all know, the United States did not issue any paper currency prior to the Civil War because it was thought that the Constitution prohibited the issuance of paper currency by the Federal Government. At the time when Fort Sumpter was fired upon, in April of 1861, the United States was financing its activities by the ~~issue~~ ^{sale} of bonds which were ~~selling~~ ^{quoted} at approximately 94 cents on the dollar. The commencement of the Civil War dropped the government bond market to 83 cents on the dollar, making it very burdensome for the government to float bond issues which were to be redeemed at par in gold. The Civil War caused the public to hoard gold and silver and to discount state bank notes heavily, leaving the country without an adequate and acceptable currency. The Federal Government, using its emergency war powers, planned to provide a federal paper currency.

By Acts of July 17, 1861 and August 5, 1861, Congress authorized the issuance of \$60,000,000 in Demand notes ~~one of~~ ^{it is one} which ~~interest is one of that issue which prompts me to have now become so rare.~~ ^{which I am speaking today}. These notes bore no interest and were not made legal tender. There were issued in denominations of \$5.00, \$10.00 and \$20.00 and were merely promises of the United States Government to pay on demand the amount of the note. The government used the Demand notes to pay government employees, soldiers and in buying supplies. In order to make these demand notes have value, Congress made them receivable in payment of all public dues. This meant that the United States Government would accept Demand notes in payment of excises, customs duties and other federal taxes. The demand notes were made payable in Boston, New York, Philadelphia, St. Louis and Cincinnati, but there was no gold to redeem them. General Scott issued a circular on September 3, 1861, announcing to the army that Demand notes were as good as gold in all banks and government offices, and were very convenient to send home to the family.

After a great many Demand notes were in circulation, specie payments were suspended by banks throughout the country, on December 28, 1861, and paper money of any sort, under those conditions, was very undesirable. However, it was well recognized that importers could use Demand notes to discharge customs duties which ordinarily had to be paid in gold, since Demand notes were receivable for all monies due the government. Thus Demand notes did not depreciate in value.

Further need of a currency that would stay in circulation without discount prompted the government to issue the famous greenbacks or Treasury notes early in 1862. Congress made greenbacks legal tender and therefore they had to be accepted at par in payment of any obligation in dollars. The greenbacks were receivable for all debts, public and private, except duties on imports and interest on the public debt. The Demand notes did not have legal tender quality but were, fortunately, for the holders, receivable for duties on imports. The Demand notes in appearance were almost identical with the greenbacks of the same denomination, but circumstances soon taught merchants that the Demand notes had a much greater value. In 1863 the greenbacks fell in value to 75 cents on the dollar in gold, and in 1864 to less than 40 cents on the dollar in gold, permitting a person to be able to purchase over \$2.50 in paper currency for \$1 in gold coin. The Demand notes, however, remained on a par with gold, since they could be used in place of gold in payment of custom duties. It is no wonder, therefore, that when in 1863 a \$10 Demand note was worth \$15 in greenbacks, Demand notes quickly disappeared from circulation on being used in place of gold to discharge customs duties. Of the \$60,000,000 in Demand notes which were issued, only \$472,000 were outstanding at the close of the Civil War - less than 1% of the original issue. The greenback currency which could not be used to pay customs duties did not get back to a parity with gold until 1879.

Today there are only \$53,000 in demand notes which have not been returned to the Treasury of the United States.

A great portion of these were probably destroyed ^{while} in the possession of ^{Union} soldiers during the Civil War, leaving only a few ^{specimens} ~~in the hands~~ ^{in existence} ~~of collectors~~. Of the five cities where Demand notes were payable the St. Louis and Cincinnati notes are by far the rarest.

The St. Louis \$10.00 Demand note about which I speak is in the best condition of the three known and, therefore, an item which properly stands among ^{the} great rarities in numismatics. If any of you find one, it will be well worth your while.

STAMP COLLECTOR'S PROGRAM No. 251
RADIO STATION W. I. L. ST. LOUIS, MO.

DATE Sunday August 13 1939

TIME 6:15 P.M.

CONDUCTED BY
J. EDW. VINING

ANNOUNCER:

6:15 O'Clock - Stamp Collector's Time:

And another Sunday Evening meeting of the STAMP CLUB OF THE AIR
with more interesting information and stories on the hobby of
collecting postage stamps^{and money}. Your speaker this evening in the
absence of Mr. J. Edw. Vining, will be Mr. Eric P. Newman, 1st
Vice President of the Missouri Numismatic Society.....

These programs are presented each Sunday evening at 6:15 thru
the courtesy of the Melbourne Hotel - the Philatelic Headquarters
in St. Louis.

And now --Mr. Eric P. Newman

Mr. Newman: Thank you: Good Evening Friends:

*Now Go On
WITH YOUR
STORY*

During the past few weeks, that is, since the announcement of the Famous Americans series of 35 postage stamps, brief biographical sketches have been given of the various groups. To-night we will sketch the lives of the Five Composers that will appear in the series.

The first on the list is JOHN PHILIP SOUSA, American bandmaster and composer, born in Washington, D.C., in 1854. In 1880 Sousa became leader of the U.S. Marine Corps Band, and in 1892 he organized his own band, with which he gained a world wide reputation. The spirit and swing of his music, particularly the marches, have made his compositions popular, the most famous of which is "Stars and ~~S~~tripes Forever."

Edward Alexander MC DOWELL, American composer and pianist, was born in New York City in 1861. At one time he was head of the piano department at the Darmstadt Conservatory. After returning to the United States in 1888, he settled in Boston, where he taught music, composed and played in concerts. In 1896 he became professor of music at Columbia University. As a concert performer he was admirable, especially in the interpretation of his own works, but the composer soon overshadowed the pianist. He ranks at the ^{top} ~~end~~ of the American composers.

The next of the list is perhaps one of the most beloved of those to be honored by our Post Office Department, STEPHEN COLLINS FOSTER. A large percentage of his hundred and fifty ~~songs~~ songs were of the pathetic negro melody. His "Old Folks At Home" was published in 1850. Other famous songs were "Nellie Bly", "Old Black Joe" "Nellie was a Lady" and "Massa's in the Cold, Cold Ground." Foster was born at Lawrenceville, near Pittsburgh, Pa., in 1826. VICTOR HERBERT, also to be honored by a postage stamp, was born

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in Ireland in 1859. His music is chiefly of the light opera type and has enjoyed much popularity. He was conductor of the Pittsburgh Orchestra from 1898 to ~~192~~ 1904, when he organized his own orchestra in New York City. His compositions include "Babes in Toyland;" "Red Mill;" "Naughty Marietta" "The Wizard of the Nile" and other comic operas.

The fifth and last on the list of Composers ^{also} is ETHELBERT NEVIN. Nevin was born in 1862. In about 1900 he became associated with the music department of Yale University. His piano ^{compositions} ~~works~~, all cast in miniature form, are characterized ~~by~~ by dainty originality and exquisite melody. Among his best songs were THE ROSARY; I' the wondrous Month of May and 'Twas April.

No date of first day sale has been announced as yet for any of the 35 FAMOUS AMERICANS series of postage stamps. It is possible that one group will be placed on sale late this year with the balance in 1940.

This coming Tuesday, August 15th, the new 3¢ stamp commemorating the 25th anniversary of the Opening of the Panama Canal will be placed on sale. The first day sale will take place aboard the S.S. Charleston stationed in the canal.

Release from the Post Office Department this week advises that the total sale of the 3 cent Hawaiian Commemorative stamp, ~~which~~ ^{from} ~~xxxxxxx~~ on sale/October 18, 1937 to July 31st, 1939, amounted to 78,454,450 stamps.

In our opinion the Postmaster General is to be congratulated on the selection of famous Americans to be portrayed on our postage stamps, which issue is meant to honor those who have achieved fame in arts

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and sciences. In making these selections he had ^{the} co-operation of philatelic and other organizations. Many names were submitted and twice the allotted number might have been selected. However, the new commemorative series as now planned will most likely meet with general approval. The fact ^{that} ~~of~~ a name ^{was} not ~~being~~ ^{selected} does not indicate a ^{denial of recognition} ~~slight by any means~~, but only that the series is limited in number.

Authors, poets, artists, educators, inventors, composers and scientists without exception will be accepted as worthy ^{of} a place of honor. Emerson, Whittier, Mann, Whistler, Bell, Foster and Burbank are household names and ~~their~~ work will long be regarded as thoroughly American and worthy of commemoration.

Stamp Collectors have seen the issue of many new stamps within the last year or two, hence the recent announcement of a new series was received with some consternation. It is a well-known fact that those strongly objecting to so many new issues are ready buyers. The recent new regular series, together with the commemoratives issued since the first of the year, have caused serious thought on the part of cover collectors. With the prospect of a new series and its 35 new first day covers, the dealer and the collector may well pause to take breath.

Good Evening.